Ban on trading of US-64 Scheme of UTI

228. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the UTI decided to put a six months ban on trading of US-64 Scheme;

(b) if so, the reasons for such a decision which left the millions of middle-class investors in lurch;

(c) what is the effect of the decision on the liquidity front;

(d) whether it is also a fact that the LIC and GIC have also decided to block sale of shares; and

(e) if so, the details of such blocking and the steps taken by Government in this regard.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir. UTI announced on 2nd July, 2001, its decision to suspend both sales and repurchases of US-64 units for a period of six months upto December, 2001. However, keeping in view the interests of the small investors, UTI has decided to reopen limited repurchase facility for small investors from August 1, 2001.

(b) US-64 Scheme has faced substantial redemption in the months of April and May, 2001 which adversely affeced the value of its assets portfolio. The decision was taken with a view to arresting redemptions and restructuring the portfolio of the scheme.

(c) In addition to the reopening of the repurchase facility from August 1, 2001, the scheme's units are listed on the Wholesale Debt Segment of NSE, OTCEI and Ahmedabad, Bangalore and Delhi stock exchanges. This is expected to provide liquidity to investors.

(d) No, Sir.

(e) Does not arise.